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parently unable to stand, what shall be said in defence of the preposterous practice of yielding seats to young women? Women are not responsible for it; I have repeatedly seen them politely refuse to take the proffered seat, and have seen old men overcome their scruples by indecent importunity which no woman could resist without making a scene. The fashion which prevails in such cities as Washington, Baltimore, and Southern towns generally, commanding that no man shall sit while any woman is standing,—without regard to the age of either party,—was born of the prurient egotism and vanity of men, and has no justification in either equity or courtesy. But foolish men have set the fashion, and if women are spoiled by it, the authors are responsible for the damage.

So of elevators. Why on earth should a man remove his hat in an elevator—unless, indeed, it is a part of a hotel parlor? The absurd habit prevails in Washington and Baltimore, and in provincial cities of the South and West; but it has no existence in the older cities of the North, any more than it has among well-bred people in Paris, London, or Berlin.

As to the alleged (and conceded) rudeness of women in business places,—at post-offices, at theatres, at banks, etc.,—it may be said that it originated in the mistaken concessions of men, who did not pause to consider that the gratification of their own vanity was at the expense of others, involving the discomfort of the whole travelling and commercial race of man. It is not too late to correct it.

W. A. CROFFUT.

IV.

ASSESSMENT LIFE INSURANCE.

A POLICY of life insurance is a contract agreeing to pay a certain sum upon the death of a specified person, provided death occur within a specified period. In practice the business is carried on by aggregations of policy-holders called "companies," and the guarantee of the sum assured rests upon the obligation of the mass of policy-holders to contribute for death-claims the equivalent of the aggregate amounts which the company is obligated to pay to the individual policy-holders. In addition to this the policy-holders must pay the cost of transacting the business.

These propositions are true of life insurance regardless of method, and unless there is equivalence between the risk assumed by the company and the liability assumed by the policy-holder, there can be no such thing as security.

When one has to deal with the liquidation of the obligation of the individual to the company and the security for deferred payments from the former to the latter, difference of method is developed, and this, in common parlance, is dignified into difference in system, whereas in reality there is but one system, and that the system of life insurance.

There have thus come to be recognized two "systems"—the "level-premium" and the "assessment." The first essential difference is that, while the "level-premium" company limits the liability of the policy-holder to a predetermined sum, the "assessment" company limits it only by his *pro rata* of the actual claims. Each recognizes the standard mortality tables, but one uses them to determine in advance a maximum rate of premium for each age, while the other uses them as a standard for adjusting losses incurred among the policy-holders of different attained ages. The equation of liability in the case of the level-premium company is, therefore, between the present value of the amount of the insurance and the present value of the premiums which the policy-holder is obligated to pay, it being assumed, for the purpose of calculating these present values, that the deaths will occur in accordance with a certain table of mortality and that invested funds will earn a certain rate of interest. As the payment of the sums insured depends wholly upon the realization of enough from the policy-holders to meet them as they fall due, and as the payments by the policy-holders are limited by contract, safety is possible only on a basis of assumption, as to mortality and interest, less favorable than the future will show; and as many of these contracts extend over a long term of years, allowance must be made for contingencies. Therefore one of two things is inevitable: either the liability of the policy-holder to the company must be excessive, or the security less than absolute.

The equation of liability in the case of the assessment company is between the cost which the risk will actually entail and the payment which the policy-holder must make, and is determinable as events develop and the payments are needed. This, however, does not imply that payments can be made by the policy-holder only as the money is needed for the liquidation of actual claims. On the contrary, there may be many variations in the method of making payments, provided the following essentials be kept in view :

(a) That funds contributed for the payment of death-claims be held inviolate for that purpose.

(b) That each policy-holder's contribution to the current claims of a given period be determined by the actual amount of such claims and his attained age, whether that contribution be made by him by direct payment or partly by direct payment and partly by diminution of his interest in any reserved fund that the company may hold.

(c) That each policy-holder receive the benefit of the payments actually made by him and the accretions thereon, and pay the cost of the entire benefits which he receives.

Since the limit of each policy-holder's liability in a given period is not a predetermined sum, the assessment company may take cognizance of the fact that all men who insure do not die insured—a fact that the level-premium company cannot take into account. In practice many assessment companies determine a payment which each policy-holder is to make at stated dates by discounting the sum assured by an assumed rate of interest and a table of the number that, from an initial number insured, will be living and insured at each succeeding age of life. This table is computed from the standard mortality tables, and from a table of discontinuances from other causes than death, made up from the tabulated experience of other insurance companies. This last element has a material effect in reducing the amount of the payment.

A payment thus determined is not to be confounded with the level premium of the other plan. It is not a limit of liability and, consequently, of security, but a deposit with the company of a sum on account of future death-cost, which is always available for and sacred to the payment of claims. The different aspect which it must hold in the eyes of the law from that of the "reserve" accumulation of the level-premium company is an additional distinction between the two methods. As the liability of the policy-holder in the level-premium company is absolutely limited by contract, any payment that he may make over and above the current death-cost is a diminution of the present value of the future contributions which he can be called upon to make. The present value of these contributions is, at the outset, the equivalent of the present value of the insurance granted, and if only the amount of current death-claims was paid by the policy-holder as time went on, these two present values would advance by equal steps. Therefore when anything more than this current cost is paid, the result is that the present value of the policy-holder's liability to the company is reduced below that of the company's obligation to the policy-holder, and unless the company holds the difference in hand in invested assets, it is and must be insolvent. The amount of these overpayments, together with the accretions thereon, is, therefore, available only for the payment of the claim under the individual policy to which it belongs, and if the company uses it for other purposes, even though it be the payment of other death-claims, it is insolvent and its insurance-granting power is destroyed ; a receivership being the only alternative. It is because of this fact that failures have occurred in such numbers among companies operating on this plan.

In the case of overpayments to the assessment company no such liability exists. The money is received as a trust deposit made for a specific purpose—the payment of death-claims—and for that it is available. Its misuse renders the trustees criminally liable, but does not involve the destruction of the company's insurance-granting power. Thus in the level-premium company the impairment of the reserve fund means the loss to the policy-holder of the future insurance for which he has contracted, and this without returning to him the money that has been lost; in the assessment company, his future insurance is still secure, on the payment by him of its

cost, so that the loss of the money is not supplemented by the loss of what may be worth to him many times more.

Two corollaries follow from the distinction noted between the two plans :

(a) The cost of doing the business in an assessment company must be fixed by contract. This is the requirement of the law in all States that have legislated on the subject. Moneys that are collected for the purpose of paying death-claims must be held inviolate for that purpose, and though the policy that contributed them lapses and they are forfeited as a penalty, they are still available only for the purpose for which they were paid, and the persistent policy-holders must have the benefit of them in that direction.

(b) Savings in death-losses, surrender-charges on lapsed policies, gain in interest, and other profits in a level-premium company may be used for expenses or as the management determine. By the assumption on which the level premium is made up there is an excess over the requirements. The excess can be used for expenses. When the policy lapses, the liability under it is cancelled and the funds that were held to offset that liability are released, to be used as the management see fit. They are in no sense inviolate to the payment of claims or the benefit of the persistent policy-holders.

A large portion of the resources of every active life-insurance company must consist of the obligations of the policy-holders for payments on account of future death-claims, and this must especially be the case with an assessment company, which prosecutes its business without the accumulation of large sums of money. Upon the security of these resources rests the integrity of the contracts entered into. That security, under all plans, is the same—namely, such provision that the policy-holder who refuses to pay shall forfeit to the company more than the loss that he inflicts upon it. Theoretically, the lapse of a policy cancels an obligation to the company no greater than the obligation of the company to the policy-holder which is cancelled at the same time ; but practically the matter of lapse is wholly in the hands of the policy-holder, who has it in his power to say whether the company shall be required to continue the contract that it has entered into with him, while the company has no election in the matter. Common-sense points to what experience attests—that lapse will occur when it is to the advantage of the member that it should, and that when a lapse would be to the advantage of the company, the policy will be kept in force. The company must, therefore, as an offset to the privilege granted the policy-holder, exact of him, in event of his lapse, a penalty sufficient to protect the persistent policy-holders against any loss that his act may cause. If it has always in hand the means of imposing this penalty, the security of that portion of the resources represented by the future payments of policy-holders is as secure under the one plan as under the other.

This statement of the principles underlying assessment life insurance is confined to the merest outlines. The plan is one that deals with pure life insurance—the protection of the family or the dependent against the loss that would be caused by the death of the father, the husband, or the provider. It shapes itself to many modifications ; such, for instance, as creditor and partnership insurance. It furnishes, distinctively, insurance for the productive period of life, the period of the dependent family, the education of children, and the hazards of active business. It leaves the combination of insurance and investment, the seductive “tontine” and endowment, to the other plan. That its chosen and appropriate field is broad beyond even the need of a great business, the record that it has made proves.

Starting twenty years ago under the form of fraternal insurance, it has developed into a great business, recognized by the laws of almost every State as of equal legitimacy with its level-premium rival. It has formulated its methods, corrected its crudities, and to-day enrolls in its list of policy-holders more than two and a half million citizens. During 1889 it paid over \$42,000,000 in death-claims, swelling the total paid since organization, by the companies in active existence, to \$300,000,000. That it has become the recognized plan of life, as distinct from investment, insurance, is attested by the fact that it paid more in death-claims in each of the last two years than did the level-premium companies. Thirteen millions of people in this country are interested directly in its present and future, while the whole people

have a common interest in the lessons of thrift which it teaches. It is far from necessarily antagonistic to the level-premium plan. Its true rivalry is to accomplish better than that plan can the work of life insurance. There is abundant room for both. As compared with the level-premium method, the assessment plan bases its claims upon the following propositions :

- (a) Equal or greater security, without resort to excessive charges.
- (b) Pure life insurance without the concomitant of vast accumulation, with the resultant dangers of poor investments and misuse of funds.
- (c) A limited, as against an unlimited, expense charge.
- (d) Funds paid for death-claim purposes held inviolate therefor.
- (e) Equal security for that portion of the resources of the company which consists in the obligations of policy-holders to pay on account of future death-claims.
- (f) Reserve funds available at all times as a conservator of the insurance-granting power of the company, rather than as a menace to that function.
- (g) Equal accountability to the State for the proper conduct of affairs, and equal recognition under the law as life insurance.

GEORGE D. ELDRIDGE.

V.

SALVATIONISTS IN RETREAT.

IT IS now some ten or twelve years since the Salvation Army began operations in this country. The curiosity which at first followed the work has largely subsided, and the parades of the members, their songs and their exhortations, are no longer the object of ridicule or abuse. Public indifference seems to have overtaken these noisy, but in many instances earnest, people. The time is opportune, now that it is announced that a strenuous effort is to be made to excite renewed interest in the army's doings, to inquire as to the actual results of its ten years' campaign. How many converts can the army's officers point to as the fruits of their labors? How many outcasts have become respectable citizens, thanks to the army? How many pastors of churches are willing to say that the army has done valuable work in a field not affected by the usual church machinery? So far as I have been able to obtain answers to these questions, the results have been in inverse proportion to the noise made. I have found no pastor who says that he can count among his flock persons who might not have been there had the Salvation Army never existed. On the other hand, it will be admitted that such negative testimony is not altogether conclusive; the outcast, male or female, who escapes from the bondage of vice, crime, or object poverty, is apt to hide the past and everything connected with it.

In 1883, when my acquaintance with the Salvation Army began, there were six "barracks," as the meeting-places of the army were called, in New York city and as many in Brooklyn. The present meetings are in strong contrast with those of that day. One friend of the order told me recently that the army was dying of respectability. Mr. Ballington Booth, a son of the founder of the order, and the chief of the American forces, is a quiet man as compared to some of the former leaders; there is less noise at the meetings, less laughter, less excitement, and, perhaps in consequence, a diminished attendance. Between a present meeting of a corps of the Salvation Army and an old-time Methodist revival there is no marked difference, either in the character of the talk or in the expression of feeling: if difference there is, it is wholly in favor of the Methodists.

Six or seven years ago it was another matter. For more than a year, when the army was beginning to work here, I followed the doings of a corps which met in Christopher Street. I went there once or twice a month and found the meetings interesting. Invariably the place was crowded, and, under the direction of an Englishman named Inman, the meetings were certainly full of life and noise, if of nothing else. At eight o'clock every night the corps rushed up the narrow stairs of the little building, followed by the throng attracted by the parade through the streets which preceded every meeting. The band, consisting of a cornet, fife, and bass-drum, played while the crowd found seats. The women members of the corps kept time upon tambourines, which were also vigorously thumped during the singing. Around the hall were hung placards bearing quotations from Scripture, or words of warning such as "Beware of the Flames to Come," or "It will be Hot-